

What is workers 'comp'?

Workers compensation is a state-mandated, "no-fault" insurance system that pays benefits to workers injured on the job to cover medical care, part of lost wages and permanent disability. In return, employers receive immunity from civil lawsuits by employees over such workplace injuries.

Employers can meet their workers compensation obligation by purchasing insurance or by becoming a state-certified self-insurer.

Missouri's law, originally enacted in 1925, is available at your public library or on the Internet at: www.insurance.state.mo.us/laws/index.htm

What state agencies administer the workers comp system?

The Division of Workers Compensation of the Department of Labor and Industrial Relations oversees the day-to-day operation of the system. The division receives notifications from employers that they obtained coverage and reports of injuries from employers and insurers. It also mediates disputes over benefits. It monitors insurance company safety programs and investigates allegations of fraudulent claims. **Employers can call the division toll free at 1-888-837-6069.**

The Department of Insurance (MDI) reviews and approves workers compensation insurance policy forms and rules. It also monitors workers comp market competitiveness and oversees the "assigned risk pool" to ensure fair rates and good service. Contact MDI toll free at **1-800-394-0964**.

Does an employer have to carry workers comp insurance?

Generally, "yes," but there are exceptions. As a general rule, firms with five or more employees must be covered, although contractors with even one employee must also buy coverage. However, the law exempts such employees as farm laborers, domestic servants, certain real estate agents and direct sellers and commercial motor-vehicle owner-operators.

Sole proprietors and partners are not themselves covered unless they elect to be covered. On the other hand, close family member-employees and members of limited liability companies are presumed to be covered unless they opt out.

Employers that don't have the required number of employees or who have employees in the exempt categories may nevertheless "elect" to come under the law. Exempt employers that decide *not* to purchase workers compensation insurance or to self-insure remain exposed to civil lawsuits brought by employees who are injured during work.

How do I obtain coverage?

You can purchase workers compensation insurance from a private insurer or, if you can meet the requirements of the Division of Workers Compensation, you can self-insure as an individual business or as a member of a self-insured group.

For employers seeking help finding competitively priced insurance, the Department of Insurance has developed a pair of options. An automated toll-free telephone hotline gives up to 30 companies with the lowest rates for your job classification codes. Dial **1-888-200-1697** and have your 4-digit job classification codes ready.

The second option, an Internet version of the hotline, gives the rates for all carriers. The web address is www.insurance.state.mo.us/consumer/services/wc.htm

If you cannot find an insurance company that will sell you workers compensation insurance, you may buy coverage from the state's "assigned risk pool," now operated by Travelers Indemnity. Its toll free number is **1-800-842-9346**.

If you are seeking certification as a self-insured employer or joining a self-insured group of employers, contact the Division of Workers' Compensation at **1-573-526-6004**.

What benefits do injured workers receive from my workers comp policy?

Besides medical treatment your employee may receive a temporary total disability payment of up to 2/3 of his or her average weekly wage after missing three days of work. If the employee is off work more than 14 days, the employee then is paid for the first three days of work missed.

Additional payments are required if the employee has a permanent impairment (e.g., loss of a finger) or cannot return to work. If the injury results in death, benefits are paid to the employee's survivors dependents.

What are my responsibilities as an employer under the workers comp law?

Maintaining coverage

Failure to provide required coverage is a class A misdemeanor with a penalty equal to twice the annual premium you should have paid, up to \$25,000. You also are liable for the costs of any injuries suffered by your employees.

Posting of notice

You must post information identifying your insurance carrier or claim administrator in a conspicuous place so your employees know whom to contact if an injury occurs. You can get a copy of the notice from your insurer or from the Division of Workers Compensation.

Immediate medical care

You must provide immediate medical care for any injured employees. If your employee misses no time from work and all medical bills total less than \$500, you may pay the bill yourself. You must still notify your insurance company and the Division of Workers' Compensation, but the cost of these "medical only" claims is not included in your experience modification factor.

Injury reporting

You must notify your insurance company as soon as possible after an injury occurs. You must report the injury to the Division of Workers Compensation form within 10 days of the incident. Usually your insurer will report for you. *Knowingly* failing to report an accident is a misdemeanor. For questions about the form, call the division at **1-573-522-1963**.

How is workers comp insurance priced?

Since Jan. 1, 1994, Missouri insurance companies have set rates without approval of the Department of Insurance. Generally, insurance companies base their rates on loss data on each job classification code compiled by the National Council on Compensation Insurance. The NCCI is also responsible for maintaining the job-classification code system and administering the experience rating plan. The NCCI can be reached at **1-800-622-4123** or via its website at www.ncci.com

What is an 'experience mod'?

The NCCI calculates your experience modification factor by comparing your actual loss experience to your expected loss experience over the last three years. If your losses are lower than expected, your experience mod should be less than 1.00, which will reduce your premium. If you have higher-than-expected losses for your industry, your experience mod should be greater than 1.00, and you will be charged additional premium.

Your policy must cost more than \$7,000 for one year or \$3,500 for two consecutive years to qualify for experience rating.

What is schedule rating?

Schedule rating allows insurance companies to adjust an employer's premium for the unique characteristics of your operations, based on a schedule filed with the Department of Insurance. Each insurance company's plan is different, but you should receive notice of any schedule rating credits or debits that apply to your policy. The maximum credit allowed in Missouri is 25 percent of premium. If you think your company has inappropriately removed a credit, increasing the cost of your coverage, call the department at 1-800-394-0964.

As an employer, how can I help reduce the cost of my workers comp coverage?

1) If you have any doubts, make sure you are required to have coverage in the first place by calling the Department of Insurance or the Division of Workers Compensation.

2) Check your policy to make sure the job classifications and payroll of your employ-

ees are listed correctly. There is a huge difference between the premium associated with, for example, a clerical worker and a heavy-equipment operator.

3) Shop around. The Department of Insurance has two rate comparison devices to help you. Also, review your selection every couple of years, or whenever a large rate increase appears on your renewal notice. And don't overlook using an independent insurance agent (who represents a number of companies) in your search.

5) Keep in mind the possibility of self-insuring or joining a self-insured group.

6) If you're not large enough to justify self-insuring, consider Missouri Employers Mutual Insurance Company, which was created by state law to provide a competitive source of coverage specifically for smaller businesses. Since its beginnings in 1995, MEM has become the state's largest workers compensation insurer.

7) Make the investment necessary in workplace safety to avoid accidents, improve claims histories and lower costs. Modify operating procedures that unnecessarily expose workers to injury.

8) Consider using a managed care organization that has a working relationship with your insurer to help save on medical treatment costs. Obtain a list of MCOs that meet the department's certification requirements by calling 1-800-394-0964.

9) Establish a modified duty program to help return workers to productive employment even when they cannot return to their prior jobs. Doing so can reduce the losses that raise your experience mod.

10) Consider paying medical-only claims of \$500 or less to avoid increasing your experience mod.

11) Ask your insurer for "loss runs" to see when and where your injuries are occurring and how much they are costing. Also, keep abreast of your company's handling of all open claims. Make sure your company is acting in your long-term interests.

To find out more, contact:

*the Missouri Department of Insurance
Property & Casualty Section
P.O. Box 690
Jefferson City, MO 65102-0690*

Toll free Telephone: 1-800-394-0964

Fax: (573) 526-4839

TDD: (573) 526-4536

Internet: <http://www.insurance.state.mo.us>

Rate Hotline: 1-888-200-1697

Missouri
Department
of Insurance

Workers Comp F.A.Q.



Frequently Asked Questions

About Workers
Compensation
Insurance

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